

**Testimony**  
**House Bill 1497 – Patrick Kirby, Resident of West Fargo, ND**  
**House Finance and Taxation Committee**  
**Representative Craig Headland, Chairman**

Chairman Headland, and members of the House Finance and Taxation Committee, my name is Patrick Kirby of West Fargo, District 13 and I am here in support of House Bill 1497, which was introduced by Rep. Sebastian Ertelt.

I am a small business owner that works with nonprofits from all over the state of North Dakota helping them with fundraising. I am not here to represent a specific nonprofit organization, and I am currently not on any boards of any nonprofits. However, I have traveled here to testify on behalf of HB1497 because I believe that this bill will significantly increase the ability of nonprofits to serve their communities and encourage more high capacity individuals to support and donate to organizations that make an incredible and positive impact across the state.

As every one of you are keenly aware, finding new funding sources and diversifying revenue - whether you are a business, a government agency or a nonprofit – is becoming increasingly more important. Additionally, the need to fund programs, and services immediately, instead of saving for a rainy day, is critical. In fact, for nonprofits everywhere, COVID-19 has them caught in Monsoon season.

From the perspective of someone who works with small and medium sized nonprofits every day, I see this benefiting organizations in three specific ways:

1. HB1497 allows ALL organizations to offer this credit to high capacity donors. Nonprofits who need large gifts, can now have the same arrows in their fundraising quivers as large institutions have, and can attract individuals who can help in a large way to the small and medium sized organizations.
2. HB1497 gives donors CHOICE. It is not about an organization's need to have, but is about a donor's want/desire to give. If a high capacity donor wants to give and receive a tax credit, they are ONLY able to choose between a handful of funds. There are nearly 5,000 nonprofits in North Dakota, and donors should be able to pick which ones they want to support, not be restricted on where they give to still qualify for this tax credit.
3. HB1497 allows for funding immediately. Donations in perpetuity have their place, but unless you have a MASSIVE endowment already, large gifts should be able to make immediate impact, not just distributed over many years. This tweak in the current law would allow for high capacity donors to be able to give and see their gift make the community a better place right away while enjoying this amazing tax benefit!

Now, as the HB1497 is written currently, I'm sure it has a staggering fiscal note attached to it. But what if, instead of all donations of all sizes, we just tweaked the bill to allow these gifts of \$5,000 and above – the way the tax credit defines it today – but allow those gifts to qualify if given to ANY nonprofit. I think that is something that everyone can cheer for, and everyone can benefit from, and everyone can say would be fair and equitable to donors AND nonprofits.

We are extremely fortunate to have a legislature that in 2011, passed subsection 2 of section 57-38-01.21 of the North Dakota Century Code that created a 40% tax credit to individuals who invested \$5,000 or more to qualified endowments. I have worked with organizations who have greatly benefited from this bill and community foundations who hail this benefit as one of the best and exciting ways for donors to help leave legacies and impacts for years to come.

However, these are the ONLY organizations that benefit from tax credit as it stands now. If you are a small or medium sized nonprofit without the luxury of 7 or 8 staff members dedicated to fundraising, but are an all-volunteer or one-person organization without an endowment, you are out of luck. These small nonprofits make up the lion share of organizations doing the things the government can't, shouldn't or won't do.

House Bill 1497 can level the donor solicitation playing field when attracting high capacity donors. And that, I think, is a wonderful thing.

This proposed bill also encourages organizations to increase engagement with their donors, volunteers, members and communities to ask them to give more generously and take advantage of this tax benefit. Donors of any capacity would be moved to stretch their gifts further than they have in the past. Organizations would be moved to develop deeper relationships and have more critical conversations with more donors by adding this additional fundraising talking point to their solicitation repertoire.

House Bill 1497 better aligns a public giving policy with North Dakota values, and encourages the philanthropic activity of all its citizens.

I enthusiastically support this, and hope, on behalf of smaller nonprofits everywhere, that this committee will too.

This concludes my testimony, and I would be happy to answer any questions you might have!